

**{As Prepared for Delivery}**

**Wallace Foundation Annual Meeting  
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**Thomas C. Dorr  
Under Secretary for Rural Development**

**Thank you. It is a great pleasure to be here today -- it's always a pleasure to get back to Iowa. As you know, I have farmed most of my life outside Marcus but I've been on temporary assignment for the last five years in Washington, D.C.**

**First, let me simply say it's an honor and a privilege for me to serve as a member of President Bush's team... but I do want to tell you that there is nothing like living in Washington, D.C. for awhile to make me appreciate even more the quality of life that we sometimes take for granted in rural America.**

**I don't take it for granted any more ... not after seeing what my coworkers at USDA pay -- and pay happily; they think they got a bargain -- for what you and I would consider a very modest house ...**

**... and not after working with people who are on the road at 4:30 a.m. for three hour commutes on highways that are gridlocked before 7. You can learn a lot of things in Washington, and one of those is that the quality of life ... the values of family and community ... the environment we have for our kids ... that we in rural America still enjoy are things to be cherished and defended.**

**So I'd like to begin -- on behalf of President Bush, Secretary Johanns, and a great team at USDA Rural Development – by saluting the Wallace Foundation and your leadership for rural Iowa.**

**What you are doing here is important. Since my confirmation last summer, I have spent a great deal of time on the road visiting rural communities and rural leaders across the country.**

**Rural America is incredibly diverse. It ranges from native villages in Alaska to *colonias* along the southern border to farm belt counties in the Midwest to the Central Valley of California and small towns in New Hampshire right out of a Norman Rockwell painting.**

**Some of these communities are thriving. Others are gripped by severe, long-term decline. Most are somewhere in between.**

**But after a while, some patterns start to stand out. Some lessons, in fact, are so obvious that sooner or later, even I began to catch on.**

**And one of the most important of those lessons is that what really matters ... often the single most important factor in the vitality and growth of rural communities ... is the quality of local leadership.**

**Leadership that sees challenges as opportunities ... leadership that meets challenges with faith, hope, and confidence in the future ...**

**... leadership that looks at change and says, “How do we make the best of it,” not “How can we hide” ...**

**... *That’s* what makes the difference.**

**That’s the kind of leadership the Wallace Foundation provides, and that’s why it’s a special privilege for me to be here today.**

**I am, in fact, an incurable optimist about rural America. I truly believe that the future of rural America is bright.**

**That doesn't mean we don't face challenges. We do. But it does mean that IF we keep our eyes on the prize ... IF we remain open to innovation ... IF we're prepared to invest in the future ...**

**... our children and our grandchildren can look forward to incredible new opportunities in rural America.**

**Now, these will vary from place to place. Each community is unique. The rural economy is highly diversified, and is becoming more so every day.**

- 65 million people live in rural America. 63 million of them don't farm. Most farm families, in fact, also hold down non-farm jobs.**
- 96% of the total income, and approximately 90% of farm family income, is from off-farm sources.**

- **Virtually all the job growth in rural areas is from non-farm employment. That's the future for most of our kids.**
- **Rural America is farming and ranching, manufacturing and services, forestry, recreation, retirement communities, and health care opportunities.**

**And our job at USDA Rural Development is to help rural communities and entrepreneurs identify their opportunities ... and then obtain the investment capital and technical support they need to succeed.**

**We are, in essence, an investment bank for rural America. This year we will invest over \$17 billion in rural infrastructure, housing, business development, job creation, and community facilities.**

**In fact, we're probably the only agency in government that can build an entire community from the ground up ... from the water and electric lines ... to housing ... to main street businesses ... to the day care center and hospital ... to the ethanol plant out on the edge of town.**

**In total, since 2001 we've invested \$63 billion and created or saved 1.1 million jobs. Over \$1.4 billion of that total has been right here in Iowa.**

- **That includes a Value Added Producer Grant in 2004 to help plan the Naturally Iowa plant.**
- **It includes a total of over \$2 million over ten years to the Grow Iowa Foundation [IRP], which has used that funding to support over 35 small businesses in southwest Iowa. We recognize the importance of micro-lending and strong intermediary lending entities in rural communities, and this is a good example of leadership, discipline, and marketing.**
- **Our investment includes rural water and wastewater systems across the state. A recent example is in Silver City, which just finished construction this winter. That involved a grant of \$882,000 and a loan component of \$407,000.**
- **The list goes on and on. In Shelby, we're about to deliver a rescue truck. In Atlantic, we're working on a child care project with Cass County Extension. There are dozens more.**

**Again, one size doesn't fit all. The needs vary from one community to the next. But as we look across the country to identify sustainable, market-driven opportunities for development, three things in particular stand out.**

**These are connectivity or broadband, energy, and something that I call "place." I'd like to address each briefly.**

**"Place" is the combination of quality of life considerations that attract us to rural areas to live, work, and raise our families. It's what we value about where we live, over and above a paycheck. It's what we're trying to preserve, and pass down to our children.**

**"Place" is peace and quiet, green fields, and fishable streams. It's lower taxes and a lower cost of doing business. It's affordable housing and a big yard for the kids. It's the pace of life, low crime, and good schools.**

**These are significant comparative advantages. If you don't believe me, come live in Washington for a couple of years. I've never seen a real estate ad boasting about a bigger mortgage, smaller house, high taxes,**

**crime, and a three hour commute. Rural communities that can provide good jobs, quality healthcare, and good schools are great places to live.**

**Once upon a time, that wasn't necessarily true. Before farming was mechanized, back when it meant dawn to dusk heavy physical work ... before rural electrification when you cooked over a wood stove and went to bed when the sun went down ... back when "rural" meant doing without a lot of what your city cousins took for granted ...**

**... back in those days, rural isolation is what people tried to escape. But today, that's almost totally reversed.**

**Today, rural communities and small towns have an historic opportunity for renewal and growth based on a superior quality of life -- provided, again, that they can generate good jobs to support growing families.**

**Frankly, nothing hits closer to home than this. For many decades, rural communities have had difficulty offering opportunities to young people -- especially those who continue their educations.**



**In my class, for example, I may have been the only one who came back from college to a family farm -- I'm not really sure, but I was certainly one of very few, if not the only one.**

**But today, we want your son or daughter -- and my granddaughter -- to have better choices. If their ambitions and talents take them around the world, that's great. We want them to have that opportunity. But they shouldn't be forced to leave simply because there is nothing at home.**

**Sometimes people ask me if I really want rural America to attract more people, businesses, and jobs. My answer is that if we want a dynamic rural economy where our kids can find good jobs, growth will come. We need to start thinking about how to make it work.**

**We can level the playing field to make rural America is competitive in terms of economic opportunity. That's the goal.**

**The communications revolution, especially broadband, is another opportunity. IT is producing the most radical decentralization of**

**information in human history, with the sole possible exception of the printing press.**

**We no longer need everyone in the same building so they can shuffle paper from desk to desk. Administrative structures, manufacturing, and distribution networks can be decentralized.**

**This affects every community and business in America, large and small. It is going to remake the cities as well as the countryside. But in terms of location, it is a great equalizer. It leverages Place. It makes rural communities more competitive than they have been in many, many years.**

**You will be able to live locally and compete globally.**

**Broadband opens the door. These things don't change overnight, but the spatial organization of America is being reengineered ...**

**... And I am convinced, if we do our jobs right, that smaller cities, small towns, and rural areas indeed have a very bright future in store.**

**Finally, rural America is in the midst of an energy boom.**

**Let me emphasize that -- in talking today about energy -- I don't mean to overlook other biobased products as well. Yesterday, USDA will be published a final rule kicking for the Federal Biobased Products Preferred Procurement Program.**

**We've initially identified 6 product categories and over 150 biobased products, but that's just a start. Downstream, we're looking at over 3,500 products and a multi-billion dollar market in just a few years. There's a lot going on, and the opportunities are enormous.**

**On energy, however, the future is now. Bio-energy is taking off. The train has left the station, and it's picking up speed.**

- **U.S. ethanol production last year exceeded 4 billion gallons.**

**We're going to exceed the 7.5 billion gallon target in the energy bill well ahead of time.**

**The President announced important new ethanol initiatives in his State of the Union address and committed significant funding to bring cellulosic ethanol to market. I know the Wallace**

**Foundation has been very interested in switchgrass, so I don't need to tell you what cellulosic ethanol will mean. It's exciting.**

- **In addition, biodiesel usage tripled in a single year, to 75 million gallons in 2005. It's new but the growth curve is incredible.**
- **U.S. wind power capacity by the end of last year reached 6,740 Megawatts with another 5,000 MW on the way. The U.S. Department of Energy estimates that wind can generate at least 6% of U.S. electricity by 2020.**
- **Solar, biomass, anaerobic digesters and geothermal power are in the mix as well. Since 2001, we've invested nearly \$290 million in renewable energy. We're making over \$1 BILLION available for energy on a competitive basis in 2006. It's a top priority.**

**Energy from agriculture, in fact, offers the rural economy its biggest new market in history -- and I know a room full of farmers doesn't need me to tell you what that means. The opportunity is there. But it's not automatic.**

So I want to leave you with a warning, and a challenge. A new energy economy is emerging. It won't happen overnight. But it will happen -- and **the issue 10 and 20 years down the road will be who owns it. The stakes are a lot higher than an extra 5 or 10 cents a bushel for producers.**

The new energy sources coming online – ethanol, biodiesel, wind, solar – are distributed in nature. They are rural and agricultural based.

Farmers and other rural landowners are on the ground floor.

But the question is, will farmers and rural landowners participate as owners and investors, or as vendors?

**Bottom line: we need to develop new business and investment models, including new tax and regulatory regimes, to bring the benefits of new energy sources back home to rural communities.**

**I'm told this is something you have been discussing within the Wallace Foundation, and it's an area where I would welcome an opportunity to sit down with you and compare notes. This is critically important.**

**This is an extraordinary new opportunity for ownership, wealth creation, and economic growth in rural communities. If we don't own it, as producers and as local investors, someone else will -- and we'll be working for them, with most of the benefit flowing to money center investors both in the U.S. and abroad.**

**That's why this is an opportunity we can't afford to miss.**

**To sum up, I am an incurable optimist about the future of rural America. Yes, we face challenges. Standing still isn't an option, not in an era of globalization and connectivity-driven competitiveness.**

**But our opportunities are even greater than our challenges, if we have the vision and the will to pursue them. I am confident that we will, and I look forward to working with you to get the job done. Thank you.**